

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Integrated Health Services, Inc., et al.,

Case No. 00-389 (MFW)
Jointly Administered

Debtors.

/

IHS LIQUIDATING LLC,
Plaintiff,

v.

ACE INDEMNITY INSURANCE COMPANY
f/k/a INDEMNITY INSURANCE COMPANY OF
NORTH AMERICA,

Civil Action No. 05-376
(GMS)

Defendant.

/

IHS LIQUIDATING LLC,

Civil Action No. 04-1262 (GMS)

Third Party Plaintiff,

v.

NATIONAL UNION FIRE INSURANCE COMPANY
OF PITTSBURGH, PA, GENERAL STAR
INDEMNITY COMPANY and ACE INDEMNITY
INSURANCE COMPANY f/k/a INDEMNITY
INSURANCE COMPANY OF NORTH AMERICA

Third-Party Defendants.

/

ACE INDEMNITY INSURANCE COMPANY
f/k/a INDEMNITY INSURANCE COMPANY OF
NORTH AMERICA,

Third-Party Defendant and
Fourth-Party Plaintiff,

v.

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA, and
GENERAL STAR INDEMNITY COMPANY,

Fourth-Party Defendants.

AFFIDAVIT OF GWYNNE A. YOUNG

STATE OF FLORIDA
COUNTY OF HILLSBOROUGH

Before me, appeared the undersigned, who after being sworn states as follows:

1. My name is Gwynne A. Young. I am over eighteen (18) years of age and am otherwise competent to give this affidavit.
2. I am a shareholder in Carlton Fields P.A. in Tampa, Florida. I have served as counsel for National Union Fire Insurance of Pittsburgh, P.A. (hereafter "National Union") in the instant litigation and in certain companion litigation pending in state court in Tampa, Florida (hereafter "the Florida litigation"). The Florida litigation has been stayed pending resolution of the instant litigation.
3. On January 11, 2006, I forwarded copies of the National Union insurance policies and the related underwriting files to Karen Bragman, counsel in the Florida litigation for Indemnity Insurance Company of North America (hereafter "IICNA"). The underwriting files produced were NU-U/W 00001 – 01506. A copy of my transmittal letter is attached to this Affidavit as Exhibit A.
4. Included within the documents produced at that time was a copy of the April 12, 2000 memorandum from Jennie Wu, a representative of the insured's broker, in which, Wu advises National Union that the Non-pyramiding of Limits Endorsement(Endorsement #4) should be deleted from both the 2000 IHS Main Policy and the 2000 IHS of Lester policy. A copy of this document is attached to this Affidavit as Exhibit B.

This concludes my affidavit.

[Signature on Following Page]

Gwynne A. Young
GWINNE A. YOUNG

Sworn to and subscribed before me, by Gwynne A. Young, who is personally known to me, this 30th day of July, 2007.

Margie L. Nix

Notary Public, State of Florida at Large

(SEAL)

My Commission Expires:

10/04/2010



EXHIBIT “A”

ATLANTA
MIAMI
ORLANDO
ST. PETERSBURG
TALLAHASSEE
TAMPA
WEST PALM BEACH

CARLTON FIELDS

ATTORNEYS AT LAW

4221 W. Boy Scout Boulevard
Suite 1000
Tampa, Florida 33607-5736
P.O. Box 3239
Tampa, Florida 33601-3239

813.223.7000
813.229.4133 fax
www.carltonfields.com

January 11, 2006

Karen B. Bragman, Esquire
Arnall Golden Gregory, LLP
171 17th Street, N.W.
Suite 2100
Atlanta, GA 30363-1031

**Via Federal Express,
Overnight Delivery**

Re: Indemnity Insurance Company of North America
vs. National Union Fire Insurance Company of Pittsburgh, PA,
and General Star Indemnity Company
Hillsborough Case No.: 05-8449, Div. C

Dear Karen:

Enclosed are full and complete copies of the following insurance policies and the related underwriting files:

Policy Number 3574343
Policy Number 3574344
Policy Number 3574384
Policy Number 3574386

These documents are responsive to items 1, 2, 3 and 4 of your Request for Production served on November 28, 2005. Also enclosed is a privilege log related to this production. We are still working on the balance of the production.

There are 1,506 pages produced at \$0.135 per page for a total cost of \$203.30.

Sincerely,



Gwynne A. Young

GAY/jcw

Enclosures

cc: Robert H. Buesing, Esquire (w/o encls)
Alan S. Rosenberg, Esquire (w/o encls)
Daniel L. FitzMaurice, Esquire (w/o encls)
F. Townsend Hawkes, Esquire (w/o encls)

Fax Memo



DATE: April 12, 2000

TO: Jeff Meserve
AIG

FROM: Jennie Wu
Lockton Companies

RE: Integrated Health Services, Inc.
Excess Policies Policy Period: 01/01/2000 - 2001

FAX: 617-457-6874

Thank you for forwarding the current policies. In our review, we have noted the following revisions are needed:

Policy # BE3574384

- Named Insured Address should be 910 Ridgebrook Road, Sparks MD 21152. Please revise.
- Retained Limit endorsement (Endorsement # 2) should be deleted. This endorsement references policy addendum entitled "Health Care Medical Professional Liability & General Liability" for GL and PL retained limits - the addendum however, attaches an expired policy. The Retained limits should be as per Schedule of Retained Limits already noted. Endorsement # 2 needs to be deleted.
- Non Pyramiding Limits (Endorsement # 4) should be deleted. As per previous correspondence addressing last year's policies, Lester's umbrella policy is an underlying policy to the IHS umbrella policy
- Broad Name Insured (Endorsement # 5) Paragraph referencing Lester exclusion should be deleted. Lester is to be added as an underlying policy
- Follow Form Endorsement (Endorsement # 10) Indicates claims made version. As per previous correspondence addressing last year's policies, endorsement is incorrect - it must be revised.
- Amended Insuring Agreement and Retro Date (Endorsement # 15) should be deleted.
- Extended Reporting (Endorsement # 16) should be deleted
- Endorsement # 17 should be deleted. Again, this is not a claims made policy so any endorsements referencing claims made do not apply.

With regard to additional duties (Endorsement # 1 Item 4) This provision is not on the expiring policy. Please clarify.

LOCKTON COMPANIES

Insurance and Risk Management Specialists
7910 34th Avenue, #5G / Jackson Heights, NY 11372
Phone: (718) 387-8988 / Fax: (718) 387-8987

Fax Memo



Policy #: 3574386 (Lester)

Named Insured Address should be 810 Ridgebrook Road, Sparks MD 21152. Please revise. *✓OK*

- Schedule of Retain Limits. Need to add Automobile Liability (Texas and All other states) Workers Compensation and Employers liability (Insured states and self insured states). Please refer to Retained limit schedule for policy # 3574384 for details.
- Retained Limit endorsement (Endorsement # 2) should be deleted.
- Non Pyramiding Limits (Endorsement # 4) should be deleted.
- Broad Name Insured (Endorsement # 5) Paragraph referencing Lester exclusion. This is the Lester policy. Lester is to be added as an underlying policy for Policy # 3574384 *✓OK*
- Follow Form Endorsement (Endorsement # 10) Indicates claims made version. As per previous correspondence addressing last year's policies, endorsement is incorrect - it must be revised. *✓OK*
- Amended Insuring Agreement and Retro Date (Endorsement # 14) should be deleted.
- Extended Reporting (Endorsement # 15) should be deleted *✓OK*
- Endorsement # 16 should be deleted. Again, this is not a claims made policy so any endorsements referencing claims made do not apply. *✓OK*

With regard to additional duties (Endorsement # 1 Item 4) This provision is not on the expiring policy. Please clarify.

Should you have any questions, please call.

EXHIBIT “B”

1
2 UNITED STATES BANKRUPTCY COURT

In re:
4 INTEGRATED HEALTH SERVICES,
5 INC., et al..

6 Debtors.

7 IHS LIQUIDATING, LLC,

8 Plaintiff, Chapter 11
9 v. Case No. 00-389(MFW)
(Jointly Administered)
10 ACE INDEMNITY INSURANCE Adv. Pro. No.
COMPANY, f/k/a INDEMNITY 05-51318(MFW)
11 INSURANCE COMPANY OF NORTH
AMERICA, incorrectly designated
12 as ACE INDEMNITY INSURANCE COMPANY
f/k/a INDEMNITY INSURANCE COMPANY
13 OF NORTH AMERICA.

14 Defendant.

15 (Continued)

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Linda Salzman
25 JOB NO. 191261

1 J. Wu

2 Q. What are you referring to there?

3 A. That particular policy number, the
4 BE 3574343 was the Lester umbrella policy in
5 which they attached an endorsement excluding
6 Lester.

7 Q. They issued a policy to Lester that
8 excluded Lester?

9 A. Yes.

10 Q. Okay. Do you know what a
11 non-pyramiding of limits endorsement is?

12 A. Non-stackable?

13 Q. Well, I think it's referred to in
14 these policies as non-pyramiding.

15 Have you seen that in these
16 documents?

17 A. Yes.

18 Q. Do you know whether or not that was
19 something that was requested of AIG to put --

20 A. No, it was not.

21 Q. Was it from your perspective on
22 behalf of IHS accurate or inaccurate to have
23 that endorsement in there?

24 A. Inaccurate.

25 Q. So for 2000, was it your

1 J. Wu
2 expectation on behalf of IHS that the IHS of
3 Lester policy would sit below the IHS, Inc.
4 AIG \$25 million policy for IHS of Lester
5 facilities?

6 A. Yes.

7 Q. Do you know if that was ever
8 corrected?

9 A. I don't recall.

10 MR. DEASEY: Let's break for lunch.

11 (Whereupon, a luncheon recess was
12 taken at 12:08 p.m.)

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